

## Message Text

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PAGE 01 LA PAZ 05060 292108Z

ACTION ARA-14

INFO OCT-01 ISO-00 EB-07 L-03 CIAE-00 INR-07 NSAE-00

PA-01 PRS-01 USIA-06 OMB-01 FRB-03 /044 W

-----130636 300050Z /63

R 292030Z JUN 77

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 6016

INFO USDOC WASHDC

DEPARTMENT OF TREASURY WASHDC

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EO 11652: NA

TAGS: EGEN, EFIN, BL

SUBJ: GOB ISSUES NEW DECREES ON COMMERCIAL BANKING SYSTEM

1. ON JUNE 17, THE GOB ISSUED THREE SUPREME DECREES  
NUMBERS 14677, 14678, AND 14679 CONTAINING SEVERAL  
PROVISIONS ALTERING CURRENT BANKING PRACTICES. UNOFFICIAL  
TRANSLATIONS OF DECREES BEING SENT BY AIRGRAM.

2. MAJOR PROVISIONS OF DECREES ARE A) A 3 PERCENT INCREASE  
IN LEGAL RESERVE, APPLICABLE TO ALL BANKS; B) A REQUIREMENT  
TO CONVERT A PERCENTAGE OF LOAN PORTFOLIO TO MEDIUM-TERM,  
I.E., 2-5 YEARS, BY MARCH 1978. FOR DOMESTIC BANKS PERCENTAGE  
REQUIRED IS 15 PERCENT, 25 PERCENT FOR FOREIGN BANKS AND  
35 PERCENT FOR NEW FOREIGN BANKS ENTERING BOLIVIA. C)  
10 PERCENT RESERVE DEPOSIT TO BE MADE ON ALL LINES OF CREDIT  
RECEIVED FROM ABROAD ON LESS THAN 2 YEAR TERMS; D) FOR  
FOREIGN BANKS ONLY, REQUIREMENT THAT OVERALL INCREASES IN  
LOCAL CURRENTLY CURRENT, TIME AND SAVINGS DEPOSITS AFTER  
JULY 1, 1977, BE MATCHED IN RATIO 3-1 WITH CREDIT LINES  
FROM ABROAD TO THE CENTRAL BANK FOR WHICH LIBO PLUS 1 PERCENT  
INTEREST WILL BE PAID.

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PAGE 02 LA PAZ 05060 292108Z

3. INTENT OF DECREES APPEARS TO BE STRENGTHENING DOMESTIC  
BANKS AND RAISING MEDIUM-TERM CREDIT FOR DEVELOPMENT ORIENTED  
INVESTMENTS IN PRODUCTIVE SECTORS. THE DECREES WERE DRAFTED BY  
FIANANCE MINISTRY AND ANNOUNCED BY FINANCE MINISTER CARLOS CALVO,  
WITH LITTLE OR NO ADVANCE NOTICE TO EITHER THE CENTRAL BANK  
OR THE PRIVATE BANKING SECTOR. BOTH DOMESTIC AND FOREIGN BANKS  
HERE HAVE EXPRESSED CONSIDERABLE CONCERN OVER DECREES,

ESPECIALLY FOREIGN BANKS WHO ARE SOMEWHAT ALARMED OVER THEIR  
DISCRIMINATORY PROVISIONS. REPRESENTATIVES OF US BANKS MET  
WITH CALVO ON JUNE 27, TO ASK WHETHER GOB STILL WANTED  
FOREIGN BANKS IN BOLIVIA. ACCORDING TO ONE US BANKER, CALVO  
REPLIED THAT STRICTER MEASURES FOR FOREIGN BANKS CONSTITUTED  
PART OF THE PRICE FO THEM BEING ALLOWED TO DO BUSINESS HERE.  
THE ECONOMIC EFFECTS OF THE NEW MEASURES ARE NOT YET CLEAR,  
BUT MANY BANKERS CONSIDER THEM ILL-CONCEIVED OR EVEN COUNTER-  
PRODUCTIVE AND THE BANKING COMMUNITY, ESPECIALLY FOREIGN BANKS  
ARE LIKELY TO PRESS HARD FOR MODIFICATIONS IN THE DECREES.  
BEAL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANK LAW, COMMERCIAL BANKS, AMENDMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 29-Jun-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977LAPAZ05060  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
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**SAS ID:** 2235034  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOB ISSUES NEW DECREES ON COMMERCIAL BANKING SYSTEM  
**TAGS:** EGEN, EFIN, PGOV, BL  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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